

DRAFT - Snow College
Charter
Internal Audit Department

Mission:

The mission of the internal audit activity is to provide independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Snow College (the "College"). It assists the College in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the College's risk management, control, and governance processes.

Role:

The Internal Audit Department is established by the Board of Trustees, and its responsibilities are defined by the Audit Committee (Finance and Facilities Committee) of the Board of Trustees as part of their oversight function.

Professional Standards:

The Internal Audit Staff shall govern themselves by adherence to The Institute of Internal Auditors' "Code of Ethics" (Appendix A). The Institute's "*International Standards for the Professional Practice of Internal Auditing*" (Standards) shall constitute the operating procedures for the department (Appendix B). The Institute of Internal Auditors' "Practice Advisories" will be adhered to as applicable. In addition, Internal Audit will adhere to College policies and procedures and Internal Audit's Standard Operating Procedures Manual (Appendix C). The Standard Operating Procedures Manual includes attribute, performance, and implementation standards to guide the Department.

Authority:

Authority is granted for full, free, and unrestricted access to any and all of the College's records, physical properties, and personnel relevant to any function under review. All employees are requested to assist Internal Audit in fulfilling their staff function. Internal Audit shall also have free and unrestricted access to the Chairman of the Board of Trustees, and the Finance and Facilities Committee of the Board of Trustees. The Director of Internal Audit shall be authorized to allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.

Documents and information given to Internal Audit during a periodic review will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

Organization:

The Director of Internal Audit shall report administratively to the President (effective February 5, 2015) and functionally to the Board of Trustees and the Finance and Facilities Committee. The Vice President of Finance and Administrative Services has also made himself available in order to address situations that may arise regarding the President and his/her department or in situations where the President may not be available.

Independence:

All internal audit activities shall remain free of influence by any element in the College, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

Internal Audit shall have no direct operational responsibility or authority over any of the activities it reviews. Accordingly, it shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited.

Audit Scope:

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the College's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the College's stated goals and objectives. It includes:

- Developing an annual audit work plan and priorities for audit;
- Conducting operational, financial, and information systems audits, investigations, risk assessments, and researching on audit related activities;
- Ascertaining compliance with applicable standards, rules, regulations and policies and procedures;
- Evaluating programs and operations in order to improve effectiveness and efficiency of College operations;
- Developing an effective testing program to continually improve effectiveness and efficiency of College operations;
- Reporting status of financial integrity, and promoting accountability of College assets;
- Documenting findings and formulate recommendations to correct deficiencies, reduce risk and costs, and improve performance;
- Administering and facilitating the College's hotline, working with select College leaders to ensure issues are resolved;

All opportunities for improving management control, profitability, and the College's image that are identified during audits, shall be communicated to the appropriate level of management.

Audit Planning:

Annually, the Director of Internal Audit shall submit to senior management and the Finance and Facilities Committee a summary of the audit work schedule and budget for the following fiscal year. The audit work schedule is to be developed based on a prioritization of the audit universe using a risk-based methodology. Any significant deviation from the formally approved work schedule shall be communicated to senior management and the Finance and Facilities Committee through periodic activity reports.

Reporting:

A written report will be prepared and issued by the Director of Internal Audit or designee following the conclusion of each audit and will be distributed as appropriate. A copy of each audit report and a summarization will be forwarded to the President and the Chairman of the Finance and Facilities Committee.

The Director of Internal Audit or designee may include in the audit report the auditee's response and corrective action taken, or to be taken, in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed.

In cases where a response is not included within the audit report, management of the audited area should respond, in writing, within thirty days of publication to Internal Audit and those on the distribution list.

Senior management shall be responsible for implementing any audit findings or recommendations and Internal Audit shall be responsible for tracking the implementation of those audit findings and recommendations. All significant findings will remain in an open issues file until cleared by the Director of Internal Audit or the Finance and Facilities Committee.

Other Responsibilities:

Other responsibilities of Internal Audit include:

- Maintaining professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Keeping the Finance and Facilities Committee informed of emerging trends and successful practices in internal auditing.
- Periodically providing a list of goals and results to the Finance and Facilities Committee.
- Assisting in the investigation of significant suspected fraudulent activities within the College, and notifying senior management and the Finance and Facilities Committee of the results.

- Investigating any matters reported through the whistleblower hotline.
- Evaluating significant new or changing services, processes, operations, and control processes coincide with their development, implementation, and/or expansion.

Periodic Assessment:

The Director of Internal Audit should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal audit activity to accomplish its objectives. The result of this periodic assessment should be communicated to senior management, the Board of Trustees, and the Finance and Facilities Committee.

Wayne Bushman, Director of Internal Audit

Date

Jacob Dettinger, Vice President of Finance and Administrative Services

Date

Gary Carlston, President

Date

Doug Barton, Chair of the Finance and Facilities Committee

Date

Theresa Alder, Chair of the Board of Trustees

Date